

AFRICA RISK CONSULTING

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Namibia Summary 12 November 2024

Namibia is gearing up for its 27 November presidential and national assembly election. Recent political changes across Southern Africa have called into question if the ruling South West People's Organisation (SWAPO) will survive this election with a majority. However, Namibia's electoral system means SWAPO may still have the majority in the national assembly but a president from a different party. Finance minister Iipumbu Shiimi presents the Mid-Year Budget on 30 October. Coca-Cola Beverage Africa (CCBA) announces its plans to invest \$50m into its plants in Windhoek.

The winds of change

In 2024, **Southern Africa** has experienced significant political change for the first time in decades, with most liberation movements losing their majorities. **South Africa's** ruling **African National Congress (ANC)** lost its majority for the first time since 1994 in its 29 May general election.¹ Botswana held its national elections on 30 October in which the **Botswana Democratic Party (BDP)**, which had held power since 1966, outright lost the election.² Mozambique's ruling **Frelimo**, in power since 1975, survived its national elections on 9 October, garnering more than 70% of the votes.³ However, there have been extensive allegations of voter fraud and election rigging, calling into question the accuracy of these results.

These countries' elections have seen citizens express their dissatisfaction with the liberation movement governments which has sparked questions around whether Namibia will also see a change in government in its upcoming 27 November presidential and national assembly election. The **South West People's Organisation (SWAPO)** is also a liberation movement turned political party which has governed Namibia since 1990. Support for SWAPO within Namibia reached an all-time high in the national elections in 2014 with 87% of the vote.⁴ However, SWAPO's support significantly declined in the 2019 election in which the party only secured 56% of the vote. This significant 31% decrease was largely due to disappointment in former president **Hage Geingob's** (2015-2024) inability to fulfil his electoral mandate.⁵

SWAPO then lost control for the first time at the regional and local levels by only obtaining 57% of the vote in the 2020 regional and local elections. In the 2015, regional and local elections, SWAPO secured 83% of the vote.⁶ Similarly, in 2015 across Namibia's 57 municipalities, SWAPO secured 73% of the vote, with this support dropping to 40% in 2020.⁷

If SWAPO's recent electoral performances are considered on both the national, regional, and municipal level it is unclear if the party will be able to perform well enough to again secure a majority in 2024. SWAPO's 2024 electoral outcome depends not only on voter turnout but also on the strength of opposition parties. In 2019 former **SWAPO** member **Panduleni Itula**,

¹ Al Jazeera, 2 Jun 2024

² Reuters, 1 Nov 2024

³ Al Jazeera, 24 Oct 2024

⁴ The Conversation, 4 Nov 2024

⁵ Mail & Guardian, 26 Nov 2019

⁶ The Conversation, 6 Dec 2020

⁷ The Conversation, 6 Dec 2020

running as an independent candidate, managed to secure 30% of the votes. Following his 2019 success, Itula formed the **Independent Patriots for Change (IPC)** and is proving to be strong competition for SWAPO's presidential candidate, **Netumbo Nandi-Ndaitwah** as well as the official opposition - the **Popular Democratic Movement (PDM)**.⁸

The PDM is still likely to play a prominent role in the upcoming elections but since 2019, prominent politicians such as **Vipuakuje Muharukua** have left the PDM to join SWAPO, which decreases the likelihood of PDM remaining as the official opposition.⁹ The **Landless People Movement (LPM)** established in 2017, is also a party voters are considering. The LPM managed to secure four seats in the **National Assembly** in the previous election. However, the LPM is marred with internal conflict with key figures such as chief strategist **Henny Seibab** and second-in-command, and lawmaker **Edson Isaaks** resigning over disagreements.¹⁰

SWAPO is running a high risk of losing its majority in the national assembly considering their electoral performance over the past five years, but contrary to Botswana, which has a First Past the Post (FPTP) electoral system, Namibia has a Proportional Representation (PR) electoral system. A PR system means any party can expect an overall proportion of seats that is equal to, or almost equal to, its overall proportion of votes. So, even if SWAPO's support dwindles further, it may still acquire the most seats in the national assembly and would not be obliged to form a coalition, allowing it to stay in power as a minority government.

The presidential election is based on the Plurality Electoral System (PER) in which a winning candidate must obtain 50%+1% of all the votes. Nandi-Ndaitwah faces a much tougher race here, and a scenario where another presidential candidate is elected and must work with a majority SWAPO parliament can also not be discounted. Itula remains the greatest challenger.

Namibian Mid-Year Budget Review

Finance and public enterprises minister **Iipumbu Shiimi** on 30 October presented the 2024/25 **Mid-Year Budget Review**. Two positive highlights from the review are that revenue collection increased from N\$ 81.48m (\$4.6m) in 2023/24 to N\$92.13m (\$5.2m).¹¹ This is N\$1.70m (\$96,934) more than originally estimated in the 2024/25 proposed budget.

Secondly, the budget deficit decreased by 0.3% from what was initially proposed in the 2024/25 budget. The budget deficit decreased from N\$8.92m (\$506,948) to N\$8.67m (\$492,913). However, this is still higher than the 2023/24 budget which was N\$5.58m (\$317,056).¹²

On the other hand, the following critiques have been leveraged against the mid-year budget. Government expenditure was lower than expected. Although this contributed to the budget deficit, particularly in regard to decreasing developmental expenditure, it is not a sustainable way to decrease the budget deficit.¹³ Namibia's total expenditure increased from N\$84.6 billion (\$4.8 billion) in 2023/24 to N\$87.7 billion (\$4.9 billion) in 2024/25. However, mid-year spending came in lower than the originally estimated N\$88.5 billion (\$5.02 billion), hence creating lower government expenditure.

One of the ways that government expenditure was cut was by decreasing spending on infrastructure development. The developmental budget decreased by N\$746m (\$42m) from 2023/24 for self-funded projects.¹⁴ This means that government spending on expanding

⁸ Daily Maverick, 10 Nov 2024

⁹ The African Report, 16 Oct 2024

¹⁰ The African Report, 16 Oct 2024

¹¹ PwC, Oct 2024

¹² PwC, Oct 2024

¹³ The Namibian, 9 Nov 2024

¹⁴ PwC, Oct 2024

infrastructure such as the **Walvis Bay** port is not prioritised in the budget. However, Namibian ports have been receiving international investments with **France**-headquartered **Africa Global Logistics (AGL)** announcing on 11 November that it will invest €40m (N\$75.92m) into its ports.

The Walvis Bay port has become key logistical infrastructure for Southern Africa because of South Africa's declining port infrastructure.¹⁵ Additionally, underdeveloped ports and railways place pressure on Namibia's already strained road infrastructure. By decreasing expenditure for developing infrastructure Namibia is missing out on playing a key role in Southern Africa's logistical ecosystem and the opportunities that accompany this. Namibia's opportunity has further increased by the political instability in Mozambique which caused the logistics company **Grindrod** to suspend their port and terminal operations on 7 November.¹⁶

Lastly, Shiimi said the low international diamond prices and depressed diamond demand is proving to be a significant risk for the fiscus in the short-to-medium term.¹⁷ In 2023, diamonds constituted 29.4% of Namibia's total exports or N\$28 billion (\$1.6 billion).¹⁸ In response to this depressed demand, the expected revenues from the diamond sector have been cut in the 2024/25 mid-year budget by N\$2.3 billion (\$130m) from N\$11.8 billion (\$670m) to N\$9.5 billion (\$539m).¹⁹

Another risk Shiimi identified for the fiscus over the medium term is taxes on international trade. Volatile regional economic trends directly impact both the revenue Namibia collects from the **South African Customs Union (SACU)**, and its customs revenue pool.²⁰ This is supported by the yearly decrease of international taxes as a percentage of revenue. In 2020 taxes on international trade constituted 38.23% of revenue, decreasing to 27.26% in 2021 and 22.8% in 2022.²¹

Overall, the economy is perceived to be on a fiscally responsible path and the mid-year budget speech was well received by market participants and business.

Coca-Cola Beverage Africa invests into Namibian operations

Coca-Cola Beverages Africa (CCBA) announced on 5 November that it will invest \$50m into its plant in **Windhoek** to increase production capacity by 30%.²² The investment includes opening a new bottling line at its production plant in Windhoek, as well as the installation of a new water treatment plant. The investment money is also aiming to integrate advanced technology, such as Artificial Intelligence (AI), into its supply chain system.²³ Employees will also therefore need to be upskilled to be able to operate the new equipment.

Currently, CCBA operates two plants in Namibia which are located in Windhoek and **Oshakati**. Additionally, the CCBA manages warehouses in **Otjiwarongo, Walvis Bai** and **Keetmanshoop**, employing 572 people across its operations in Namibia.²⁴ CCBA also indirectly supports employment throughout Namibia with the CCBA's partnerships with **Paradise Beverages** and **Namibian Development Corporation**.

One of the key contributions of this investment will be a positive contribution to employment in Namibia. Namibia has slowly been recovering from the unemployment rate spike in 2020

¹⁵ The Namibian, 9 Nov 2024

¹⁶ Reuters, 7 Nov 2024

¹⁷ Namibia Economist, 1 Nov 2024

¹⁸ Lloyds Bank, 2024

¹⁹ Deloitte, 31 Oct 2024

²⁰ Namibian Economist, 5 Nov 2024

²¹ Trading Economics, Nov 2024

²² Namibian Economist, 5 Nov 2024

²³ Just Drinks, 5 Nov 2024

²⁴ Coca-Cola Beverages Africa, 2024

caused by **Covid-19**. In 2023 the unemployment rate stood at 19.42% which is down from 2022's 19.75% and 20.88% in 2021.²⁵

CCBA's investment into expanding its operations in Namibia also signals confidence in the country's business environment. To this point, CCBA's CEO **Sunil Gupta** said:

*"The investment is a clear demonstration of our continued belief in the future of Namibia."*²⁶

The **Standard Bank Afrotrade** barometer rates Namibia's business confidence at 59 out of a 100 since October 2024.²⁷ The Afrotrade barometer measures a country's access to finance, macroeconomic stability, infrastructure, foreign trade, and governance.²⁸

Planner

27 Nov 2024 **(Namibia)** General elections

23 – 25 Apr 2025 **Windhoek (Namibia)** Namibia International Energy Conference

12 – 15 Aug 2025 **Windhoek (Namibia)** Namibia Oil and Gas Conference 2025

Chronology

8 Nov 2024 **Windhoek (Namibia)** *Bank of Namibia*. The **Bank of Namibia** (central bank) releases the exchange rates for the Namibian dollar which is N\$/\$17.3692, N\$/£ 22.5232, N\$/€ 18.7205;

6 Nov 2024 **Windhoek (Namibia)** *Namibia Economist*. **Bank Windhoek** announces that it has partnered with the **African Export-Import Bank (Afreximbank)** to facilitate cross-border trade, support economic growth, and enhance local trade finance capabilities;

6 Nov 2024 **Windhoek (Namibia)** *S&P Global*. **National Petroleum Corporation of Namibia (NAMCOR)** says **South Africa**-headquartered **Rhino Resources** will begin its first drilling campaign in the **Orange Basin** by the first quarter of 2025 after a decade of exploration;

6 Nov 2024 **Walvis Bay (Namibia)** *Namibia Economist*. **Qatar** donates 58,000 food boxes to the Namibian government to assist communities affected by the ongoing drought;

5 Nov 2024 **Windhoek (Namibia)** *Namibia Economist*. Namibia invites the **Southern African Development Community (SADC) Electoral Observation Mission (SEOM)** to observe the upcoming presidential and **National Assembly** election in accordance with the **SADC Principles and Guidelines Governing Democratic Elections (2021)**;

4 Nov 2024 **Kuwait City (Kuwait)** *Ministry of International Relations and Cooperation Namibia*. Deputy international relations and cooperation minister **Jenelly Matundu** leads a delegation to **Kuwait** to participate at in the **Strengthening International Counter-Terrorism Cooperation and Building Agile Border Security Mechanisms** high-level conference;

31 Oct 2024 **Windhoek (Namibia)** *Economist*. **Japan**-headquartered **JOGMEC** and **Canada**-headquartered **Namibia Critical Metals** have renewed 200 licences for mining activities on the **Lofdal Heavy Rare Earth** Project, which will be valid until September 2027;

²⁵ Macrotrends, 2024

²⁶ Coca-Cola Beverages Africa, 4 Nov 2024

²⁷ The BR/EF, 28 Oct 2024

²⁸ The BR/EF, 28 Oct 2024

31 Oct 2024 **Windhoek (Namibia)** *IM Mining*. Netherlands-headquartered **Kenzoll Capital** and Namibia-headquartered **LK Mining** have launched the **Adamastor** off-shore diamond mining vessel, which is expected to yield an average of between 0.2 carat (ct) and 0.4 ct per cubic metre in **Hottentots Bay**;

31 Oct 2024 **Windhoek (Namibia)** *NamWater*. **NamWater**, the commercial entity supplying water in bulk to country, announces the suspension of water supply from the **Hardap Dam** due to the current water levels but confirms that drinking water supplies to the **Mariental Municipality** or surrounding communities will not be affected;

31 Oct 2024 **Windhoek (Namibia)** *The Namibian*. **The Namibia Green Hydrogen Programme (NGH2P)** commissioner, **James Mnyupe**, states that the NGH2P wants Namibian hydrogen projects to become interconnected and help facilitate the government's green industrialisation plan to develop Namibia socioeconomically through renewable energy;

30 Oct 2024 **Windhoek (Namibia)** *MSN*. Australia-headquartered **WIA Gold** reports promising drilling results from its **Kokoseb** project in Namibia;

30 Oct 2024 **Manila (The Philippines)** *Ministry of International Relations and Cooperation Namibia*. Deputy international relations and cooperation minister **Jenelly Matundu** holds a bilateral meeting with the undersecretary of **Philippines** foreign affairs department, **Charles Joese**, to discuss ways of strengthening cooperation between the two countries;

29 Oct 2024 **Swakopmund (Namibia)** *Namibia Economist*. Over 50 mayors gather in Swakopmund for the annual **National Mayors Forum** where leaders discuss the common issues facing Namibian local government;

28 Oct 2024 **Windhoek (Namibia)** *Bank of Namibia*. **The Bank of Namibia** (central bank) announces the coming into force of the Determination on Policy Changes in Response to Economic and Financial Stability Challenges as a Result of the State of Emergency over the Persistent Drought in Namibia (BID-39), which is a credit-related programme to bring drought relief measures to farmers and agricultural business owners;

28 Oct 2024 **Manila (Philippines)** *Ministry of International Relations and Cooperation Namibia*. Deputy international relations and cooperation minister **Jenelly Matundu** leads a delegation to the Philippines to attend the **International Conference on Women, Peace, and Security**;

About Africa Risk Consulting:

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